

Foresight Future of an Ageing Population - International Case Studies

Case Study 2: Training older workers in Denmark

Foresight Theme: Lifetime education and training

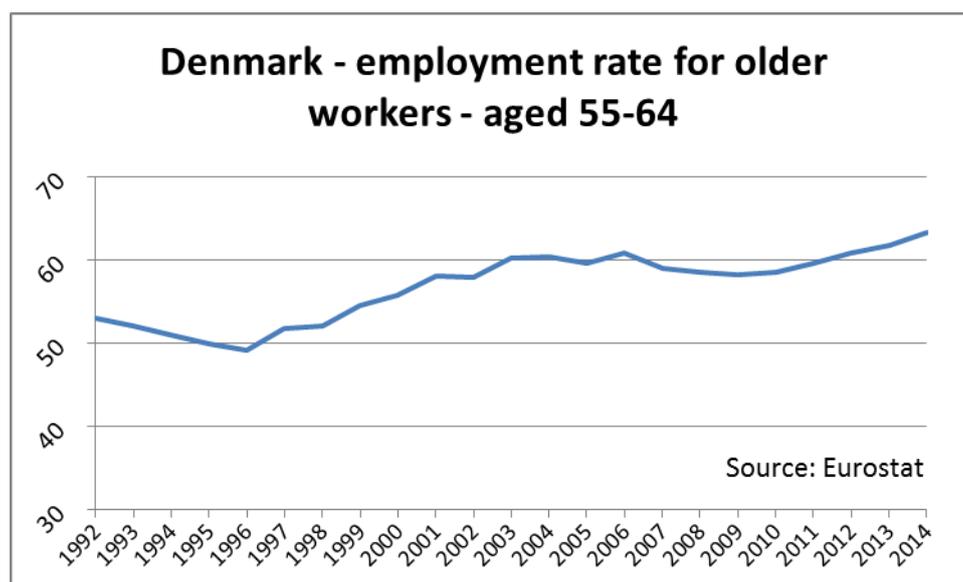
Denmark has the highest participation rate for the training of workers aged 55-64 in the OECD. The proportion of older workers given training is more than double that in the UK. This case study will explore the elements that underpin this high level of training.

Context

Denmark is a relatively small country with a population of 5.7 million in 2015. The rate of population growth is falling and the population is not expected to exceed 6.3 million by 2050.

In 2015, just under a quarter (24.5%) of the population were aged 60 and over with 4.2% aged 80 and over. This is expected to rise to 30% and 10% respectively by 2050.¹

Denmark has the second highest employment rate for older workers (aged 55-64) in the European Union after Sweden and, although affected by the 2008 downturn, this rate has been generally increasing for the past two decades.



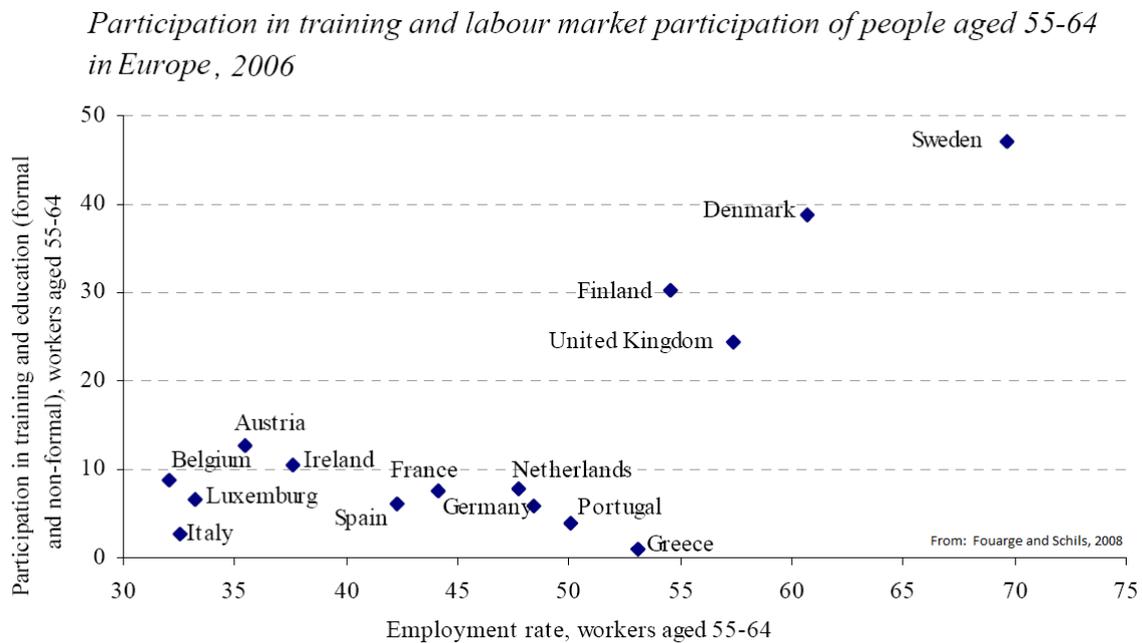
Denmark also has the highest participation rate in training for workers aged 55-64. The proportion of older workers (aged 55-64) in Denmark, receiving training, rose from 10.2% in 2003 to 23.7% in 2007 and 26.9% in 2013, compared with an EU average of 6.4, 6.5 and 8% respectively.²

There is evidence that, across Europe, while older workers participate less in training than younger workers, the differential in training incidence between younger and older workers is smaller in countries with an established tradition of lifelong learning, for example Denmark and Finland.³

¹ Statistics Denmark: <https://www.dst.dk/en/Statistik/emner/befolkning-og-befolkningsfremskrivning>

² OECD (2015), *Ageing and Employment Policies: Denmark 2015: Working Better with Age*, OECD Publishing, Paris

After correcting for self-selection into training, it can be shown that older workers who participate in on-the-job training are less likely to retire early than workers who are not engaged in training activities.³



In addition to its positive effects on unemployment and early retirement levels, training can have a positive effect on the value of work carried out, as measured by wages. A 2014 study across 11 European countries found training activities associated with a 6.3% average rise in wage levels but with wide variations. In some countries such as Germany and Greece the premium is as high as 19% while in others such as Sweden and Denmark, no premium is seen.⁴

Denmark is a comparatively well-educated nation. In 2013, almost 32% of the population aged 55-64 had received tertiary-level education compared with an EU average of 25% and an OECD average of 27%.²

History and Implementation

Danish adult education has a 'formal' and a 'non-formal' element.⁵ The formal system includes General Adult Education (AVU) which aims to provide competence based education for adults to improve knowledge and skills to secondary education level, and Preparatory Adult Education (FVU) which aims to provide basic skills in reading writing and mathematics for adults.⁵ In addition, non-Danish citizens over 18 years of age with a residence permit and a civil registry number are entitled to a programme for non-native speakers providing Danish language skills.⁵

³ Fouarge and Schils (2008), *Participation in training and its effect on the decision to retire early*

⁴ Belloni and Villosio (2014), *Training and wages of older workers in Europe*

⁵ EAEA (2011), *Country report on adult education in Denmark*

The 'formal' element of adult education takes place mainly in Adult Education Centres (VUC) - the main suppliers of General Adult Education (AVU), Labour Market Training Centres (AMU) and Language Centres.

The 'non-formal' element includes courses run by Danish Folkehøjskole, evening schools and study associations, day folk high schools and university extramural departments.⁵

Despite the very high participation rate in education and training by older workers, Denmark does not have a programme of training specifically aimed at its older population. Older state employees, for example, are 'offered the same tools and means to develop their competencies as all other employees in the sector'.²

Vocational training and other educational opportunities for adults are seen as being the responsibility of the individual to organise according to their own needs.⁶ There is however a strong ethos of participation in education and training at all ages.

In Denmark, adult vocational training programmes (AMU) have existed since the late 1950s. The emphasis in the 1960s was on the transition from an agricultural to an industrial society. A second phase in the 1970s and 80s was framed by high levels of unemployment and a third phase in the 1990s had a greater emphasis on the knowledge economy and technological development. At the turn of the millennium, adult education in Denmark was rationalised and reformed and developments in the early 21st century have placed a greater emphasis on lifelong learning and learning in the workplace. There are more than 2,000 AMU programmes. AMU training primarily provides skills and competencies related to specific job functions but the majority also provide competencies to continue to higher levels within the sector.⁷

Participation in education and training generally declines with age in Denmark, but this is from a very high base and so rates of participation in education and training in older age in Denmark are high by international standards.

Percentage rate of participation in adult education and training by age, Denmark, 2011-12

Age	Education and continuing training	Vocational education and training
Under 30	25.7	16.6
30-39	22.5	22.9
40-49	23.5	29.4
50-59	18	26.5
60+	4.5	4.4

Source: OECD (Danish Ministry of Education)

Adult education in Denmark is supported financially in a number of ways.

⁶ Eurofound (2013), *Denmark: The role of governments and social partners in keeping older workers in the labour market*.

⁷ AMU-kompetenceudvikling (2002), *AMU The Danish Adult Vocational Training Programmes*

VEU allowance

Since 2001, a participant in a vocationally oriented adult education or continuing training programme (VEU) would normally be eligible for a so-called VEU-allowance which, until 2011, corresponded to the maximum daily unemployment benefit and since 2011 has been set at 80% of that value (DKK3,152 = £320 per week in 2012). The allowance is granted as compensation for the loss of income or work for participants in employment and self-employed participants. The unemployed, who are eligible for six-weeks training which they choose themselves, are eligible to an allowance for the full six weeks.

A condition for eligibility for the VEU allowance is that the participant does not have an educational background beyond vocational education and training level. Until 2011, holders of diplomas in specialised business studies, computer studies, and technical studies, as well as certain technicians and people with higher education qualifications were also eligible for the VEU allowance, if they had not used their qualifications for the previous 5 years.

There is no limit for the duration of the allowance, nor is there any age limit. The VEU allowance is granted to the participant, when he or she is affiliated to the labour market and the programme followed is relevant both vocationally and with regard to labour-market policy. Employers, who pay full wages to an employee during the programme, may receive the VEU allowance as compensation.

Unemployment insurance funds administer and pay out the VEU allowance to participants who are insured, while the public employment service is responsible for paying participants who are not insured.⁷

In 2006, the VEU allowance was granted to approximately 350,000 course applicants, with a total expenditure of DKK 1 billion (£100 million).

SVU allowance

The State Educational Support for Adults (SVU) scheme is directed towards those who wish to engage in supplementary or further education. The scheme offers course applicants the opportunity to receive instruction without substantial loss of income. SVU is equivalent to the maximum unemployment benefit rate for one week of full-time instruction. The benefit payable is calculated on the basis of the number of working hours lost as a result of the education.

The conditions of qualification for support differ depending on whether the application is for support for general or higher education. Employers, who pay full wages to an employee during the programme, may receive the SVU as compensation.

In 2006, the SVU scheme was granted to a total of 14,315 course applicants, 4,787 of them for general education and 9,528 for higher education. The total amount of SVU granted in 2006 was approximately DKK 387 million (£39 million).

Jobrotation

Jobrotation is a public subsidy, paid to an employer, to hire a replacement for a person in training. To receive the subsidy the replacement has to be a recipient of unemployment insurance benefit (UIB) or social assistance. In 2013 over 10,000 unemployed people had work experience while the job incumbent had training.²

Employees can be offered further education and training through the Secretariat for Competence Development, which is run as a joint venture between the State Employer's Authority and the State Employees' Organisations. The Secretariat earmarks DKK 33 million per year for employee competence development.²

Impact

Research findings suggest that investing in training is a 'valuable policy tool to keep older workers in paid employment'.³

International comparisons also suggest a link between high levels of participation in education and training in older age and higher employment rates for older workers.³

While it may be difficult to disentangle the effects of individual elements within the Danish adult education system on overall wage levels and labour force participation rates for older workers, it is clear that the emphasis on lifelong learning, education and training at all ages, has a positive effect on labour force participation rates in older age.

The various forms of financial support provided by the Danish government for adult education in general, appear to be having a positive effect on the labour force participation rate for older workers.

Foresight case study 2: Training older workers in Denmark

'Jobrotation' in Denmark - additional information

Since the beginning of the 1990s the job-rotation model has been adopted mainly in Scandinavian countries with Denmark as a pioneer with well over 36,000 participants of job-rotation projects in 1996, equivalent to 1.5% of the total labour force of the country. Private as well as public enterprises participate in job-rotation schemes within a variety of sectors. A survey in 2001 showed that the most dominating categories, across Europe, are mainly manufacturing, secondly, the health and social care sector and thirdly the tourism and hospitality sector. When the employment effect for substitutes is looked at, the results from all European regions indicate that approximately 75% of substitutes obtain employment after completing the period of replacement, either in the job-rotation enterprise itself or in another company.¹

Job-rotation projects have been launched in a number of countries of the European Union. Companies and labour offices, education and employment institutes, work councils and trade unions are important in implementing job-rotation projects at the local or regional level and national employment administrations are important in financing job-rotation schemes, particularly in the Scandinavian countries. At the European level, co-financing schemes through the European Social Fund have played a crucial role in Germany and Austria.²

In Denmark, the success of 'Jobrotation' is not said to be sector-specific but is said to function best in periods of high unemployment in the general or sectoral labour market, in enterprises with stable or growing employment, a strategic orientation towards functional flexibility, a need for upgrading, and where the employee under training is upgrading basic skills. In a 1999 evaluation of Danish 'jobrotation' projects, 39% of substitutes were later employed in the training enterprise and a further 25% were employed in other enterprises³

'Jobrotation' schemes remain active in Denmark and in 2011, the Labour Market Board for the Employment Regions of Denmark produced a handbook of guidance on the implementation and application of 'Jobrotation' schemes.⁴

¹ European Union Lifelong Learning Programme 2007-2013, *JobRotation Application Handbook*

² Rouault, Oschmiansky and Schömann (Eds) (2002) *Reacting in time to qualification needs: Towards a cooperative implementation?* Proceedings of a conference organised by the WZB on the 27 - 28 September 2001

³ Sørensen (2002) *Job-rotation schemes in Denmark* In: Rouault, Oschmiansky and Schömann, *Reacting in time to qualification needs: Towards a cooperative implementation?*

⁴ Håndbog I jobrotation Maj 2011 (In Danish)